



IDAHO WATER RESOURCE BOARD

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Gary M. Chamberlain
Challis
At Large

Joseph L. Jordan
Boise
At Large

MINUTES OF MEETING

MEETING NO. 07-04
Wednesday, June 9, 2004, 8:30 a.m. PST
Red Lion Hotel Canyon Springs, Oak Room
1357 Blue Lakes Blvd. N.,
Twin Falls, Idaho

Meeting No. 07-04 of the Idaho Water Resource Board was called to order by Chairman Jerry Rigby in the conference room at the Red Lion Hotel Canyon Springs, Oak Room, Twin Falls, Idaho.
(One Recording Tape)

Agenda Item No. 1, Roll Call

Board Members Present

Jerry Rigby, Chairman	Terry Uhling, Vice Chairman
Dick Wyatt, Secretary	Claude Storer
Joe Jordan	Bob Graham
Gary Chamberlain	Leonard Beck

Department of Water Resources Staff Present

Karl Dreher, Director	Hal Anderson, Administrator
Brian Patton, Staff Engineer	Rita Fleck, Admin. Asst.

Guests

Norman Semanko, Idaho Water Users Association; Kim and Norm Ransier, Garwood Water Cooperative; Jennifer Sandman, Twin Falls Times News; and Travis Thompson of Barker, Rosholt, & Simpson, LLP.

Amend Agenda

Hal Anderson asked the Board's permission to amend the agenda by adding the Dworshak Hydroelectric Facility Refunding under the Financial Program. It was added as agenda item 5h.

Agenda Item No. 2, Approval of Minutes

Motion: Joe Jordan moved to approve the minutes for meeting Nos. 05-04 and 06-04. Dick Wyatt seconded the motion.

Voice Vote: 8 Ayes, 0 Nays. *Motion passed.*

Agenda Item No. 3, Public Comment

Hal Anderson commented that Norman Semanko of the Idaho Water Users Association had provided an e-mail regarding his thoughts about the Idaho Water Council. This document was provided to the board members this morning for their information. No further discussion or action occurred.

Agenda Item No. 4, Dworshak Hydroelectric Project Status Report

Brain Patton, staff engineer, give the financial and operations status report of the Board's Dworshak Hydroelectric Project. The plant has generated about 80,000,000+ kilowatt-hours of energy. It has operated at an availability of 98 percent. Since the last meeting of the Board, two planned power plant downs have occurred for maintenance by Clearwater Power and the hatchery.

Terry Uhling asked about the Federal Energy Regulatory Commission (FERC) fees. According to the license issued by FERC for the power plant, the Board owes fees on an annual basis. However, FERC's billing is consistently zero. Fees are kept in an account and a paper trail created until such time as the issue is resolved. Board members gave Mr. Patton details and instructions for composing and sending a letter to FERC.

Agenda Item No. 5, Financial Report

a. Status Report

Mr. Patton reviewed the financial program accounts, reviewed projected funding requests and income sources, and briefed the Board on pending expenses and completed projects. Notably, this status report included the rental pool incomes. In addition, Mr. Patton gave progress reports on previously funded projects.

b. Live-More Lake Community – Loan Request

The Live-More Lake Community, located near Sandpoint, Idaho, is requesting a loan for \$35,000. The community provides water to 13 residents. Lately, the amount of water produced has been declining and the community proposes to construct a second well for an additional supply.

Motion: Bob Graham moved to approve the resolution (Attachment 1) to loan the Live-More Lake Community for \$35,000 for ten years for the an additional well to provide a greater supply of water into the present system. Dick Wyatt seconded the motion.

Roll Call Vote: Beck, Aye; Camberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Aye, Uhling, Aye; Wyatt, Aye; and Rigby, Aye. 8 Ayes, 0 Nays. *Motion passed.*

c. Chaparral Water Association – Loan Request

The Chaparral Water Association is requesting a loan of \$20,000 for an irrigation pump. This association is located near Star, Idaho in a rural setting. The water produced was needed prior to the irrigation season and the association has repaired the pump and the system is operating. The association has a current loan with the loan and is asking for a side note for three years.

Motion: Joe Jordan moved to approve the resolution (Attachment 2) to loan the Chaparral Water Association \$20,000 for three years for 5.5 percent interest for the repair of the irrigation well pump. Leonard Beck seconded the motion.

Discussion: Bob Graham suggests the Board address the different percentage rates on irrigation verses water system. He questions whether a phased interest depending on the project is “unfair”.

Roll Call Vote: Beck, Aye; Camberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Aye, Uhling, Aye; Wyatt, Aye; and Rigby, Aye. 8 Ayes, 0 Nays. *Motion passed.*

d. Preston-Whitney Reservoir Company – Grant Request

The Preston-Whitney Reservoir Company is requesting a grant for \$8,000 to conduct a feasibility study. The company is interested in converting their canal system to a gravity-pressure pipeline system. The study would evaluate the best layout of the pipeline system given flow, pressure, delivery locations and other requirements.

Motion: Gary Chamberlain moved to approve the resolution (Attachment 3) to grant the Preston-Whitney Reservoir Company \$7,000 to study the conversion of a canal system to a gravity-pressure pipeline system. Terry Uhling seconded the motion.

Roll Call Vote: Beck, Aye; Chamberlain, Aye; Graham, Nay; Jordan, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; and Rigby, Aye. 7 Ayes, 1 Nays. *Motion passed.*

e. Garwood Water Cooperative – Loan Request

Representatives of the Garwood Water Cooperative have revised their loan request for \$170,000 and a grant of \$6,500. The cooperative provides water to 84 connections in an area north of Hayden Lake. Adjacent to the cooperative is a group of homes called Hooker Hill. The project would extend water service to Hooker Hill. Hooker Hill’s original water source was springs and the flow and quantity has diminished over the years and the supply is not dependable. The cooperative has indication it would qualify for an imminent threat grant of \$100,000 from the Department of Commerce, thus the revised loan request.

Motion: Gary Chamberlain moved to approve the resolution (Attachment 4) to loan and grant the Garwood Water Cooperative \$170,000 with a 15-year repayment subject to the \$100,000 from the Department of Commerce. Leonard Beck seconded the motion.

Amended Motion: Dick Wyatt moved to amend the motion to include a \$7,500 grant to pay for preliminary engineering services. Claude Storer seconded the motion.

Roll Call Vote on the amendment to the motion: Beck, Nay; Chamberlain, Nay; Graham, Aye; Jordan, Aye; Storer, Aye; Uhling, Nay; Wyatt, Aye; Rigby, Nay; 4 Ayes, 4 Nays. *Motion null.*

Roll Call Vote: Beck, Aye; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Aye; Uhling, Nay; Wyatt, Aye; and Rigby, Aye. 7 Ayes, 1 Nays. *Motion passed.*

e. North Water and Sewer District and South Hill Water & Sewer District – Grant Request

The North Water and Sewer District and South Hill Water & Sewer District receives water from the City of Bonners Ferry. In 2003, a fire destroyed the watershed

to about 300 people living east of Moscow. The district is requesting a \$5,250 grant to study the best method to reduce arsenic levels in the municipal water supply. The district's three wells produce water that exceeds the water quality standards for this element.

Motion: Dick Wyatt moved to approve the resolution (Attachment 4) to grant the North Tomar Butte Water District \$5,250 to study the best source of water. Gary Chamberlain seconded the motion.

Roll Call Vote: Beck, Absent; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Absent, Uhling, Absent; Wyatt, Aye; and Rigby, Aye. 5 Ayes, 0 Nays, 3 Absent. *Motion passed.*

f. Twin Lakes Canal Company – Loan & Grant Requests

The Twin Lakes Canal Company is requesting a loan of \$92,500 and a grant for \$7,500 for a project entitled the Bear River Narrows Project. The project consists of a 100-foot dam on the Bear River downstream from the Oneida Narrow Dam to create a reservoir for water storage and a resource for generating electricity. The Twin Lakes Canal Company proposes to conduct a feasibility study at a cost of \$100,000 to determine the validity of this project. The canal company is both large enough and financially stable to undertake such a venture.

Mr. Clair Bosen from Preston, Idaho representing the canal company appeared before the Board to discuss the project. Under the amended Bear River Compact, Idaho has first entitlement to 125,000 AF/yr. This project would store this supplemental irrigation water and provide a revenue stream with power generation. The reservoir would fill a need for additional water within the basin and potentially boost the economy in the area.

Mr. Chamberlain noted the number of objections asking the board to deny this financial request and asked about the support of the canal company's stockholders. Mr. Bosen indicated that

the stockholders were in favor of the project. Chairman Rigby identified opposition letters against the project. He asked, if the project doesn't come to fruition, are the stockholders willing to carry the financial burden for this project? Mr. Bosen assured the Board that the scenario was presented to the stockholders and that there is still support. He also stated that meetings with community leaders concluded in support as well.

Motion: Gary Chamberlain moved to approve the resolution (Attachment 5) to loan the Twin Lakes Canal Company the amount of \$100,00 at 5.5 percent interest rate to study the feasibility of constructing a dam on the Bear River known as the Bear River Narrows Project. Dick Wyatt seconded the motion.

Discussion: Joe Jordan asked questions concerning the power generation portion of the project. He asked about reimbursement amount for power and transition lines. He believes that generating power will assist with the cost of construction and maintenance. He asked about the feasibility of continuous flow of water to generate power.

Roll Call Vote: Beck, Absent; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Absent, Uhling, Absent; Wyatt, Aye; and Rigby, Aye. 5 Ayes, 0 Nays, 3 Absent. *Motion passed.*

g. Last Chance Canal Company (Added agenda item)

The Last Chance Canal Company is seeking issuance of Idaho Water Resource Board water resource development revenue bonds. The bonds are in the amount of \$400,000 to finance the construction, repairs and improvements to the company's flume and associated structures. The resolution before the Board authorizes the issuance of the bond.

Motion: Gary Chamberlain moved to approve the resolution (Attachment 6) to authorize the issuance of the Idaho Water Resource Board Water Resource Development Taxable Revenue Bonds for the Last Chance Canal Company, Ltd.'s project of construction, repairs and improvements to the company's flume and associated structures. Joe Jordan seconded the motion.

Roll Call Vote: Beck, Absent; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Absent, Uhling, Absent; Wyatt, Aye; and Rigby, Aye. 5 Ayes, 0 Nays, 3 Absent. *Motion passed.*

Motion: Gary Chamberlain moved to transfer \$2000 from the Revolving Development Account to the Water Management Account. Dick Wyatt seconded the motion.

Roll Call Vote: Beck, Absent; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Absent, Uhling, Absent; Wyatt, Aye; and Rigby, Aye. 5 Ayes, 0 Nays, 3 Absent. *Motion passed.*

Agenda Item No. 6, Comprehensive State Water Planning Status Report

Bill Graham, Planning Bureau Chief, represented the status report

a. Lower Boise River Basin

Zena Cook is working on year two of a three-year Boise Valley Water Use study. This study is in coordination and with funding support from the U.S. Bureau of Reclamation. Dam Tomich is working on an analysis of flood management and flood control.

b. South Fork Clearwater River Basin

Thomas Grant drafted modifications and presented them to the Board. These modifications were added to the plan and a 60-day comment period started on February 20. Messrs. Grant and Wyatt made themselves available to answer questions at an informal meeting in Grangeville on March 25. On April 1, Mr. Grant opened the public hearing with a short information meeting before taking testimony. Mr. Grant will work with Messrs. Graham and Wyatt, committee members, to finalize the plan once the comment period closes on April 23.

Bob Graham and Joe Jordan complimented the chairman on managing the previous night's meeting and hearing. Approximately 100 people attended the meeting. The tone of the hearing was one of "no more government." Few people testified on the contents of the plan or gave substantial comments. Several written comments have been received; more are expected as a result of the hearing and before the close of the comment period. Mr. Graham took exception with comments from Commissioner Pat Holmberg regarding the U.S. Forest Service roadless areas disclosed in Rare 1 and 2 reports.

Dick Wyatt asked if the plan addressed methods for preservation for pristine waters, such as forest service management practices, improvements to the health of the watershed, etc.? Some of these practices fall under water quality issues and are addressed by the Clean Water Act administered by Department of Environmental Quality.

Bob Graham pointed out that the board is authorized to use those tools -- river designations, minimum streamflows for protection and preservation purposes of resources -- for the present and future and to make whatever measures are necessary to assure that those resources are going to be there. Mr. Graham continued, "The Board is put in a position of suspicion that our actions will have impacts later on that are not necessarily identifiable or predictable now." He pointed out that it was this fear that the plan might restrict them to in the future that isn't obvious now, but will become hurtful later. "We have been put in that position by organizations that promote preservations so rigidly that there isn't slack for someone like us to make sensible decisions," he said.

c. State Water Plan

The State Water Plan, Part A committee consisting of Joe Jordan, committee chair; Leonard Beck; Gary Chamberlain; and staff have been working diligently on revisions. The first four policy groups have been reviewed. The plan policies will be reorganized to an order similar to the *Idaho Code* section. Four policies will be considered as new policies. They are management of interstate water resources, water marketing natural flow rental pools, and adjudication proceedings. This review process is planned for two years. The resource inventory will be considered as a separate document.

d. Water Transaction Program

The final proposals for rental agreements to be consideration by the National Fish and Wildlife Fund and Bonneville Power Administration are ready. The proposals recommend leasing water on Big Hat Creek, Fourth of July Creek, Beaver Creek, Kenney Creek, and Otter Creek in the Upper Salmon River Basin.

On March 19, Planning staff met with the Office of Species Conservation to prepare for the annual review of the Upper Salmon conservation agreements. The U.S. Fish and Wildlife Service and NOAA Fisheries will review the agreements.

Dick Wyatt pointed out that the only declaration he has ever received is the one issued on the Bruneau Hotsprings Snail. Has any more been completed? The Lemhi Water District has a committee who is writing a 10-year conservation memorandum of understanding to be completed this summer. A two-year conservation agreement is being written for the remainder of the Upper Salmon. Hal Anderson further explained that IDWR is not the agency directly responsible for recovery plans.

Relative to the Lower Boise River, is an order issued by the Snake River Basin Adjudication Court. The order speaks to the U. S. Bureau of Reclamation's (BOR) claims for water right. The water rights are for Arrowrock, Lucky Peak and Anderson Dams and respective reservoirs. Chairman Rigby commented to the Board that he is the representative and mediator for the Board in this case. The case is about the claim by BOR to the title of water being stored and who owns the water under Idaho law in terms of beneficial use. He explained the position he is pursuing as mediator for the Board.

Agenda Item No. 7, Minimum Stream Flows

Agenda Item No. 8, Director's Report

Agenda Item No. 9, Other Items and Meeting Dates

Meeting adjourned at 11:10 a.m.

Dated this 17th day of August, 2004.

D. Richard Wyatt, Secretary

Rita I. Fleck, Administrative Assistant

Board Actions

1. Gary Chamberlain moved to accept the proposed changes to the agenda. Dick Wyatt seconded the motion. *Motion passed.*
2. Joe Jordan moved to approve the minutes for meeting Nos. 01-04 to 04-04. Gary Chamberlain seconded the motion. *Motion passed.*
3. Gary Chamberlain moved the Board to authorize staff to work with Mr. Wrigley, financial advisor, and Mr. Skinner, bond counsel, to initiate the paperwork to refinance the Dworshak Hydroelectric Project at a time prior to increases in the market interest rate. Dick Wyatt seconded the motion. *Motion passed.*
4. Bob Graham moved to approve the resolution (Attachment 1) to loan the Lower Payette Ditch Company \$430,000 for ten years for the replacement of the diversion dam on the Payette River with the disbursements made in two phases. Gary Chamberlain seconded the motion. *Motion passed.*
5. Dick Wyatt moved to approve the resolution (Attachment 2) to grant the city of Kendrick \$7,500 to study the best source of water. Gary Chamberlain seconded the motion. *Motion passed.*
6. Joe Jordan moved to approve the resolution (Attachment 3) to grant the Clearwater Water District \$3,700 to study the best way to improve the present system. Dick Wyatt seconded the motion. *Motion passed.*
7. Dick Wyatt moved to approve the resolution (Attachment 4) to grant the North Tomar Butte Water District \$5,250 to study the best source of water. Gary Chamberlain seconded the motion. *Motion passed.*
8. Gary Chamberlain moved to approve the resolution (Attachment 5) to loan the Twin Lakes Canal Company the amount of \$100,00 at 5.5 percent interest rate to study the feasibility of constructing a dam on the Bear River known as the Bear River Narrows Project. Dick Wyatt seconded the motion. *Motion passed.*
9. Gary Chamberlain moved to approve the resolution (Attachment 6) to authorize the issuance of the Idaho Water Resource Board Water Resource Development Taxable Revenue Bonds for the Last Chance Canal Company, Ltd.'s project of construction, repairs and improvements to the company's flume and associated structures. Joe Jordan seconded the motion. *Motion passed.*
10. Gary Chamberlain moved to transfer \$2000 from the Revolving Development Account to the Water Management Account. Dick Wyatt seconded the motion. *Motion passed.*
11. Bob Graham moved the Board to approve the resolution (Attachment 7) authorizing the Director of the Idaho Department of Water Resources to redirect up to \$300,000 in encumbered aquifer recharge moneys to the Idaho Department of Water Resources Miscellaneous Revenue Fund. Gary Chamberlain seconded the motion. *Motion passed.*
12. Bob Graham moved the Board to approve the resolution (Attachment 8) authorizing the Director of the Idaho Department of Water Resources to submit a 2025 Challenge Grant application and, if

approved, to negotiate and execute the agreement. Gary Chamberlain seconded the motion. *Motion passed.*

13. Bob Graham moved the Board to approve the resolution (Attachment 9) authorizing the Board to rent 40,000 acre-feet of storage water from Water District No. 01 Rental Pool to provide replacement water for delivery in Water Districts No. 36A and No.130 and the total amount paid will not exceed \$520,000. Gary Chamberlain seconded the motion. *Motion passed.*

14. Bob Graham moved the Board to approve the resolution (Attachment 10) in the amount of \$500,000 from the Revolving Development Account at 4 percent interest with a ten-year repayment term and provide the Director authorization to enter into contracts with the North Snake Ground Water District and the Magic Valley Ground Water District. Note, the 4 percent interest rate is to be considered as a one-time provision in an effort to support and carryout the provisions of House Bill No. 843 and the Eastern Snake Plain Aquifer Mitigation, Recovery and Restoration Agreement for 2004. Gary Chamberlain seconded the motion. *Motion passed.*

15. Joe Jordan moved the Board to defer approval of the Water District 01, 2004 Water Rental Pool Procedures pending any changes received following the April 9, 2004 meeting of the local rental pool committee with Board action scheduled for the week of April 12, 2004. Gary Chamberlain seconded the motion. *Motion passed.*

Attachments

1. Resolution to loan the Lower Payette Ditch Company \$430,000 for ten years for the replacement of the diversion dam on the Payette River with the disbursements made in two phases.
2. Resolution to grant the city of Kendrick \$7,500 to study the best source of water.
3. Resolution to grant the Clearwater Water District \$3,700 to study the best way to improve the present system.
4. Resolution to grant the North Tomar Butte Water District \$5,250 to study the best source of water.
5. Resolution to loan the Twin Lakes Canal Company the amount of \$100,00 at 5.5 percent interest rate to study the feasibility of constructing a dam on the Bear River known as the Bear River Narrows Project.
6. Resolution to authorize the issuance of the Idaho Water Resource Board Water Resource Development Taxable Revenue Bonds for the Last Chance Canal Company, Ltd.'s project of construction, repairs and improvements to the company's flume and associated structures.
7. Resolution authorizing the Director of the Idaho Department of Water Resources to redirect up to \$300,000 in encumbered aquifer recharge moneys to the Idaho Department of Water Resources Miscellaneous Revenue Fund.
8. Resolution authorizing the Director of the Idaho Department of Water Resources to submit a 2025 Challenge Grant application and, if approved, to negotiate and execute the agreement.

9. Resolution authorizing the Board to rent 40,000 acre-feet of storage water from Water District No. 01 Rental Pool to provide replacement water for delivery in Water Districts No. 36A and No.130 and the total amount paid will not exceed \$520,000.

10. Resolution in the amount of \$500,000 from the Revolving Development Account at 4 percent interest with a ten-year repayment term and provide the Director authorization to enter into contracts with the North Snake Ground Water District and the Magic Valley Ground Water District. Note, the 4 percent interest rate is to be considered as a one-time provision in an effort to support and carryout the provisions of House Bill No. 843 and the Eastern Snake Plain Aquifer Mitigation, Recovery and Restoration Agreement for 2004.